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The spot resin markets continued to transact heavily into month-end, making March our highest volume month in several years. Commodity resin pricing was mixed. Polypropylene eased another cent amid growing supplies. Although a flurry of Polyethylene offers initially weighed on the market, April began with an uptick to edge PE a net penny higher across all grades. Energy and feedstock markets were volatile. Crude Oil fell again and has peeled off a quick \$6/bbl. NGLs moved lower – Ethane sharply. Propylene was relatively flat while Ethylene jumped, recovering nearly \$.04/lb.

The **Polyethylene** market was interesting this past week; spot railcar offerings were plentiful and sold at discounted prices as resellers had committed to material that still required late-month disposition. This could be a sign that processor purchasing was weaker than anticipated during March, potentially leaving processors exposed to inadequate resin supplies in April, which began on Friday along with an uptick in spot asking prices.

This past week also brought quarter-end and there was a competing purge of material by producers which amplified apparent availability. We saw a similar onslaught of offers in late Feb, leaving producers with light spot supplies in March which contributed to the successful implementation of the \$.05/lb price increase.

A heavy season of cracker and reactor maintenance, in both the US and Asia, has limited Ethylene supplies and Polyethylene production. This kept upward pressure on both regions' prices and brought healthy demand for exported North American Polyethylene. The arb to Europe is also still mostly open, somewhat aided by the strengthening Euro. This has helped US PE producers regain pricing power, creating the growing possibility that the April \$.04/lb price increase can also be secured, at least partially. On Friday, one producer nominated yet another price increase, \$.05/lb for May – others have yet to follow.

The quick recovery in domestic Polyethylene prices was a boon to national resellers and Houston traders that had held on to slow-moving inventory through the Feb trough – and for others that scooped up stellar-priced material which was readily available. Now that prices for HDPE injection and Blow molding are back into the low-mid \$.50s/lb; LLDPE Film grades in the mid+ \$.50s/lb and LDPE Clarity again breaching the \$.60/lb level, a waft of caution permeates the air. While the market is well-capable of pressing still higher, the risk/reward encourages the sale of inventory with lighter replacement buys and a bias towards back-to-back transactions.

Spot **Polypropylene** trading was better than average - growing availability, largely due to the heavy flow of imports, has enhanced market liquidity and facilitated transactions. While packaged material initially led the way, a heavier flow of domestic railcar offers has now followed. Spot prime prices slid a cent, and are within shouting distance of the cycle lows. Offgrade prices were even softer and can be procured at an expanding discount to prime.

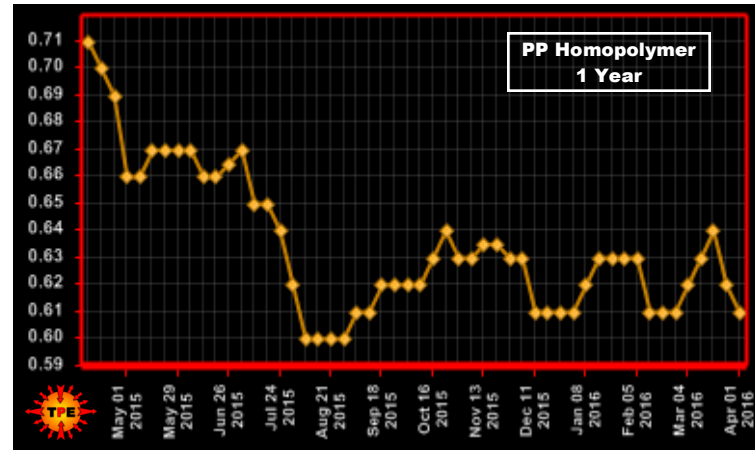
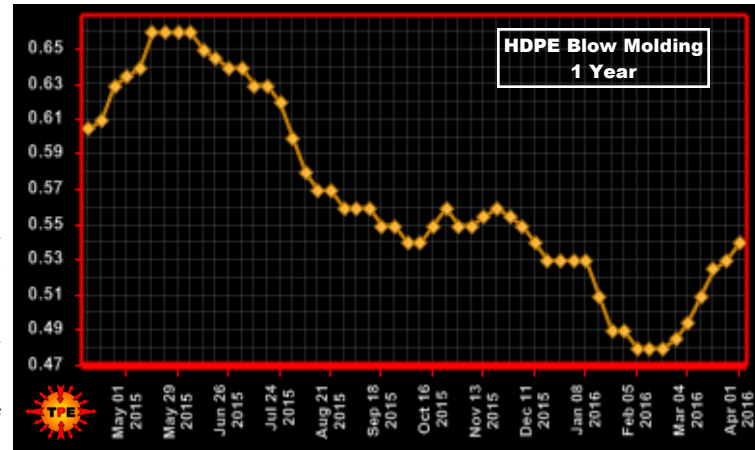
After 5 quarters of steadily growing margins, which did not significantly raise resin prices, the supply/demand balance has now tipped back towards negative, due to competitive supply. PGP monomer has been fairly flat and should not have a significant impact on the change in PP contract pricing for April. However, at least one major producer will take a margin hit and decrease Polypropylene prices in April by \$.03 to \$.05/lb depending on grade.

The sharp premium that North American Polypropylene prices built over international material encouraged the speculative import of PP from both the Middle East and Asia. Capping Polypropylene prices has created a modest level of anxiety at suppliers that own uncommitted imported PP inventory. It is likely that fresh import orders, for material that would arrive in 30-40 days, might be crimped and eventually lead to tight supplies again once current stocks are consumed. In the meantime, Polypropylene prices are soft.

Disclaimer: The information and data in this report is gathered from exchange observations as well as interactions with producers, distributors, brokers and processors. These are considered reliable. The accuracy and completeness of this information is not guaranteed. Any decision to purchase or sell as a result of the opinions expressed in this report will be the full responsibility of the person authorizing such a transaction. Our market updates are compiled with integrity and we hope that you find them of value. Chart values reflect our asking prices of generic prime railcars delivered in USA.

Market Update — April 1st, 2016

Resin For Sale 15,747,436 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Homo - Inj	4,531,704	\$ 0.540	\$ 0.710	\$ 0.570	\$ 0.610
LLDPE - Film	2,193,220	\$ 0.535	\$ 0.590	\$ 0.520	\$ 0.560
PP Copo - Inj	1,838,668	\$ 0.615	\$ 0.670	\$ 0.580	\$ 0.620
HDPE - Inj	1,482,300	\$ 0.530	\$ 0.560	\$ 0.510	\$ 0.550
LLDPE - Inj	1,376,300	\$ 0.600	\$ 0.630	\$ 0.560	\$ 0.600
HDPE - Blow Mold	1,359,472	\$ 0.535	\$ 0.600	\$ 0.500	\$ 0.540
HMWPE - Film	1,248,208	\$ 0.490	\$ 0.545	\$ 0.510	\$ 0.550
LDPE - Film	1,055,104	\$ 0.540	\$ 0.605	\$ 0.550	\$ 0.590
LDPE - Inj	662,460	\$ 0.605	\$ 0.630	\$ 0.570	\$ 0.610



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